



STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION FOR)
AN ORDER AUTHORIZING INLEC)
COMMUNICATIONS NJ, LLC TO PROVIDE)
LOCAL EXCHANGE AND INTEREX-)
CHANGE TELECOMMUNICATIONS)
SERVICES THROUGHOUT NEW JERSEY)

ORDER OF APPROVAL

DOCKET NO. TE00100748

(SERVICE LIST ATTACHED)

BY THE BOARD:

By letter dated September 29, 2000, INLEC Communications NJ, LLC (Petitioner or INLEC) filed a petition with the Board of Public Utilities (Board) requesting authority to provide local exchange and interexchange services throughout the State of New Jersey. In addition, by letter dated October 2, 2000, INLEC submitted financial information for which it requested confidential treatment. Petition at 7, October 2, 2000 Letter at 1. INLEC also responded to a staff questionnaire by letter dated November 7, 2000 and to Staff interrogatories by letter dated February 26, 2001.

According to the petition, Petitioner was incorporated under the laws of the State of New Jersey on September 8, 2000. Petitioner's principal offices are located at 2375 Woodward Street, Philadelphia, Pennsylvania 19115. Petition at 2.

Petitioner submitted copies of its Certificate of Formation and its New Jersey Certificate of Good Standing. Petition at 3, Exhibit 1, February 26, 2001 Letter at 3. According to the petition, INLEC was formed to provide local exchange and interexchange services. Petition at 1. Petitioner advised that INLEC is currently certified to provide facilities-based and resold local exchange telecommunications services in Virginia. In addition, INLEC has authority to provide local exchange and interexchange services on a resold basis in Pennsylvania and New York and local exchange service on a resold basis in Texas. February 26, 2001 letter at 1, 2. INLEC has not been denied authority to provide telecommunications services in any state. In addition, INLEC has no pending civil, criminal or administrative actions against it.

INLEC advised that it is currently negotiating an interconnection agreement with Verizon New Jersey.

In its petition, Petitioner advised that it seeks authority to provide local exchange and interexchange telecommunications services to residential customers located in multiple-dwelling unit buildings, primarily apartment buildings. Initially, INLEC proposes to offer resold local exchange and interexchange services, but will also offer its services over broadband platforms that it will construct, which will also be capable of providing high-speed data and video, and will also be accessible to other providers of voice, data and video services. Petition at 3, 4 and 5.

Petitioner requested a waiver of N.J.S.A. 48:3-7.8 and N.J.A.C. 14:1-4.3, which require that its books and records be maintained in accordance with the Uniform System of Accounts (USOA) and within the State of New Jersey. Petitioner requested, in the interest of efficiency and to prevent undue burden, permission to maintain its books and records in accordance with Generally Accepted Accounting Principles (GAAP). Petition at 7, 8. Petitioner also requested permission to keep all books, records, documents and other writings incident to the conduct of business of Petitioner in the State of New Jersey at Petitioner's corporate offices in Philadelphia, Pennsylvania. Petition at 8. Petitioner also stated that, upon written notice from the Board, it will produce its books and records at such time and place within New Jersey as the Board may designate and will pay any reasonable expenses for examination of the records.

Petitioner asserted that approval of its petition will further the public interest by expanding the availability of competitive telecommunications services in the State of New Jersey. Petition at 2. Petitioner also asserted that approval of this petition will provide New Jersey customers with access to new technologies and service choices and will permit customers to achieve increased efficiencies and cost savings. Petition at 2.

With regard to its managerial and technical qualifications, INLEC states that it possesses the technical capability and managerial qualifications to operate and manage its telecommunications operations in the State of New Jersey. Petition at 6. Petitioner submitted the professional biographies of its key personnel who, according to INLEC, are well qualified to execute its business plans, and have extensive managerial and technical experience in the telecommunications industry. Petition at 6, Exhibit 3.

Petitioner submitted an income statement and balance sheet dated June 30, 2000 as evidence of sufficient financing. October 2, 2000 letter.

DISCUSSION

On February 8, 1996, the federal Telecommunications Act of 1996, P.L. 104-104, 110 Stat. 56, codified in scattered sections of 47 U.S.C. §151 et seq., was signed into law, removing barriers to competition by providing that:

[n]o State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability to any entity to provide any interstate or intrastate telecommunications service.

[47 U.S.C. §253(a)].

Therefore, Board approval of Petitioner's entry into the telecommunications marketplace is required, assuming Petitioner meets all other requirements, including, but not limited to, a demonstration of financial, technical and managerial integrity.

In considering this petition, the Board recognizes its obligation not to prohibit entry into intrastate telecommunications markets. 47 U.S.C. §253(a). Approval is also in keeping with the New Jersey State Legislature's decision that it is the policy of the State to provide diversity in the supply of telecommunications services, and its findings that competition will "promote efficiency, reduce regulatory delay and foster productivity and innovation" and "produce a wider selection of services at competitive market-based prices." N.J.S.A. 48:2-21.16(a)(4); N.J.S.A. 48:2-21.16(b)(1) and (3).

Therefore, having reviewed INLEC's petition and the information supplied in support thereof, the Board FINDS that Petitioner has demonstrated that it possesses the requisite financial, technical and managerial resources, which are necessary to provide telecommunications services in New Jersey. Accordingly, the Board HEREBY AUTHORIZES Petitioner to provide local exchange and interexchange telecommunications services in New Jersey subject to approval of its tariffs and submission of pro forma financial statements. The Board notes that Petitioner will not be able to provide telecommunications services until a tariff is approved by the Board and the required financial statements have been provided. Regarding the Petitioner's request for waivers of Board rules, the Board FINDS that the Petitioner has demonstrated good cause why the Board should grant relief from its requirements for Petitioner to maintain its books and records under the USOA and within New Jersey. Therefore, subject to the Petitioner's continuing responsibility to provide the Board with access its books and records upon 48 hours notice, and in the manner requested, and to pay to the Board any reasonable expenses or charges incurred by the Board for any investigation or examination of these books and records, the Board APPROVES Petitioner's request for the exemptions from maintaining its books and records in New Jersey and under the USOA.

The Board also FINDS that Petitioner's request for confidential treatment of its financial records is reasonable and ORDERS that said financial information contained in its October 2, 2000 letter to the Board be afforded confidential treatment.

DATED: 4/12/01

BOARD OF PUBLIC UTILITIES
BY:

(signed)
CAROL J. MURPHY
ACTING PRESIDENT

(signed)
FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

(signed)
FRANCES L. SMITH
BOARD SECRETARY